

Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-07 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-03 H-02 L-02 PA-02 PRS-01 USIA-15

FEA-01 AEC-07 FPC-01 INT-05 SAM-01 OES-05 /133 W

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R 261300Z JAN 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2057

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY MANAA

AMEMBASSY MUSCAT

AMEMBASSY TEHRAN

USMISSION OECD PARIS

UNCLAS KUWAIT 0407

E.O. 11652: N/A

TAGS: EALR, EFIN, EGEN, BEXP, KU

SUBJECT: KUWAIT PREVIEWS SIGNIFICANTLY LARGER BUDGET FOR FY75/76

REF: (A) KUWAIT A-80, SEPT 13, 1974 (B) KUWAIT 374

1. JAN 22 ISSUE "KUWAIT DAILY NEWS" REPORTS ON KUWAIT'S PREPARATION OF NEXT FISCAL YEAR'S BUDGET WHICH BEGINS APRIL 1. ACCORDING ARTICLE AND INDICATIONS EMBOFF RECEIVED FROM OFFICIAL PRIVY TO BUDGET PREPARATIONS IT APPEARS KUWAIT'S REGULAR BUDGET WILL INCREASE TO KD910 MILLION \$3.075 BILLION UP A WHOPPING UNCLASSIFIED

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58 PERCENT OVER CURRENT BUDGET OF KD574 MILLION. OF INTEREST

TO U.S. DESIGN, CONSTRUCTION, AND EQUIPMENT SUPPLY FIRMS IS THE LARGE BUDGET FOR GENERAL PROJECTS (E.G. SCHOOLS, HOSPITALS, ROADS, COMMUNICATIONS, PORTS, RECREATION, ETC.) WHICH WILL BE INCREASED TO A MAXIMUM OF KD235 MILLION UP 62 PERCENT FROM LAST YEAR'S 145 MILLION AND THIS DOES NOT INCLUDE ADDITIONAL EXPENDITURES FOR DOMESTIC LAND PURCHASES. NOR DOES IT INCLUDE LARGE AMOUNTS EXPECTED TO BE SPENT ON PUBLIC HOUSING PROGRAMS.

2. ARTICLE GOES ON TO MENTION THAT KUWAIT WILL BUDGET ANOTHER KD100 MILLION OR \$3400 MILLION FOR THE CONFRONTATION STATES. BELIEVE THIS FIGURE DOES NOT REPEAT NOT INCLUDE AID PROVIDED BY KFAED.

3. SHOULD BE NOTED THAT KUWAIT'S REGULAR BUDGET DOES NOT INCLUDE EXPENDITURES FOR MILITARY PURCHASES; GOK-OWNED OR JOINT-SECTOR COMPANIES SUCH AS KUWAIT AIRLINES OR KUWAIT NATIONAL PETROLEUM CO.; AND BUDGETS FOR AUTONOMOUS INSTITUTIONS SUCH AS THE GOK-OWNED MORTGAGE BANK AND KUWAIT UNIVERSITY. IN BRIEF ADDITIONAL HUNDREDS OF MILLIONS OF DOLLARS WILL LIKELY BE EXPENDED INTERNALLY IN ADDITION TO KD910 MILLION UNDER THE REGULAR BUDGET.

4. COMMENT: IF FIGURE OF KD910 MILLION PROVES REASONABLY ACCURATE THIS INDICATES GOK DECISION TO TRY TO EXPEND MORE OF ITS FUNDS IN KUWAIT AND REDUCE THE SURPLUS AVAILABLE FOR INVESTMENT, LOANS, AND AID ABROAD. THIS CONSISTENT WITH RECENT STATEMENTS BY MINISTER FINANCE AND OIL ATEEQI WHO HAS STATED THAT KUWAIT'S SURPLUS WILL NOT BE AS GREAT IN 1975 AS WESTERN ANALYSTS HAVE BEEN SUGGESTING (SEE REF B). WILL BE INTERESTING TO SEE IF KUWAIT CAN IN FACT EXPEND MOST OF THEIR BUDGETED FUNDS IN COMING FISCAL YEAR.
STOLTZFUS

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